

Call to Order

Chair Moffitt called the meeting to order at 7:01p.m. in the Second Floor Conference Room. Present were: Chair Eugenie (Janie) Moffitt, Linn Anderson, Paul Russo, Andrew Betts, Mary Ellen Logee, John Barry, Bojay Taylor and Paul Monticciolo. Also present were Donna Walsh, Finance Director and Patrick Lawlor, Chief of Administrative Services. Absent was Spiro Christopoulos. The meeting was videotaped and live cablecast.

Ms. Moffitt announced that the committee would soon be adjourning to the Select Board meeting at the time of the Pension Bond Obligation presentation by Mr. Frazier, Hilltop Securities.

Feedback on Departmental Budget Presentations – Saturday, March 7

The committee praised the department heads on departmental presentations of budgets “holding the line and doing a lot with a little.”

Mr. Betts explained his analysis of the impact of the tax rate (see attached) which showed that using the long-term average rate of 3.65% actually resulted in a savings to the taxpayer over two years of \$40.00. Discussion ensued including:

- a) Holding the ceiling to a ten-year average tax rate of 3.65%, while ensuring predictability and sustainability, puts constraints on the overall development of the budget.
- b) The need to develop a coherent integrated strategy for both town and school.
- c) Using exempt and non-exempt debt to address liability.
- d) The option of override.
- e) Using a five-year strategy plan for both town and school and set financial policies.

Liaison Updates

General Government – Ms. Anderson distributed a paper on personal property from the Department of Local Services (see attached.) She also noted additional information about municipalities status on unfunded liabilities (see attached.) Andover was tenth from the last on the list at 48.6% funded. Discussion ensued on the many variables and factors involved in this rating including:

- a) The use of overrides to be fully funded.
- b) The use of unrealistic discount rates.
- c) Comparison of municipalities similar to Andover.
- d) The need to prioritize funding the obligation of \$200M.
- e) Utilizing the health insurance reserve of \$400K.
- f) Combination of elements to address liability and keeping taxpayer up to date and informed.
- g) Appeal of different overrides in terms of taxpayers’ commitment to the need for service.
- h) Defining the services that would be vulnerable to being cut without an override.
- i) Emphasizing that a pension obligation bond is a “tool in the toolbox.”
- j) The role of the committee as a co-sponsor of that article at the request of the Town Manager.
- k) FY2022 fiscal planning is the time for considering all options on the table.
- l) The importance of a public education outreach campaign.
- m) The role of role of rating agencies in non-support of pension obligation bonds.

- n) Mr. Hartwell's suggestion that employees and retirees' pension liability be "bought out" is not possible in Massachusetts law.
- o) Integrating West El debt into the bond.
- p) Investigating other financial vehicles.

ATM – Finance Committee Report

Mr. Monticciolo suggested that the core message of the letter is that the committee has identified significant financial challenges and going into FY2022 discussion on tools has begun to address those challenges: a) pension obligation bond; b) override and c) reduction in capital improvements and/or d) reduction in staff. He emphasized the need to develop a comprehensive plan before the next budget cycle to get ahead of the looming crisis and take action. It is the role of the committee to recommend solutions and the role of the Select Board to make policy. Reference will be made to the findings and recommendations of the Revenue and Expenditure Task Force of recommending a discount rate of 6.25%, the retirement board and town aligning on the discount rate, valuation annually rather than bi-annually and apply excess free cash to funding the liability.

Vote to Adjourn to Select Board Meeting

Upon motion duly made by Ms. Anderson and seconded by Mr. Barry, it was unanimously voted to adjourn to join the Select Board Meeting to discuss the pension obligation bond and to reconvene again to the Finance Committee meeting. Motion passed 8-0. The meeting adjourned at 7:42PM.

The Finance Committee reconvened at 8:42PM**ATM – Finance Committee Report**

Mr. Monticciolo asked members to comment on the draft four sections outlined by him and Ms. Anderson. Financial impact boxes and explanatory content are being worked on. Also discussed was the school budget and the separate school article on circuit breaker funds.

Next Meetings

March 11 – Triboard

March 16 and 18 – Review and Vote on Warrant Articles

March 23 and 25 – ATM Finance Committee Report Review

Approval of Minutes – March 4, 2020

Upon motion duly made by Mr. Anderson and seconded by Mr. Barry, it was unanimously voted to approve above minutes. Chair Eugenie (Janie) Moffitt, Linn Anderson, Paul Russo, Andrew Betts, Mary Ellen Logee, John Barry, Bojay Taylor and Paul Monticciolo. Motion passed 8-0.

Adjournment

Upon motion duly made by Mr. Russo and seconded by Mr. Barry, it was unanimously voted to adjourn. Chair Eugenie (Janie) Moffitt, Linn Anderson, Paul Russo, Andrew Betts, Mary Ellen Logee, Bojay Taylor and Mr. Barry. Motion passed 8-0. Meeting adjourned at 9:00pm.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

Attachments:

Mr. Betts' Analysis of Tax Rate Based on 10-Year Average
Division of Local Services – Personal Property
Municipalities Status on Fund Retirement Pension
Minutes of March 4, 2020